202306UECM1404OE4a

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Review of preview

Started on	Tuesday, 29 August 2023, 07:21 PM
Completed on	Tuesday, 29 August 2023, 07:22 PM
Time taken	20 secs
Grade	**0** out of a maximum of 10 (**0**%)

1
Marks: 1

John buys a bond that is due to mature at par in 8 year. It has a 500 par value and coupons at 3% convertible semiannually. John pays 479.81 to obtain a yield rate i convertible semiannually, $i > 0$. Calculate i. _____

Answer:

Make comment or override grade

Incorrect
Correct answer: 0.03585
Marks for this submission: 0/1.

2
Marks: 1

A 14-year bond with coupons at 12% convertible quarterly will be redeemed at 1800. The bond is bought to yield 16% convertible quarterly. The purchase price is 875.1. Calculate the par value. _____

Answer:

Make comment or override grade

Incorrect
Correct answer: 1012.499974
Marks for this submission: 0/1.

3
Marks: 1

A 1000 par value 25-year bond with annual coupons and redeemable at maturity at 1100 is purchased for P to yield an annual effective rate of 8.98%. The first coupon is 80. Each subsequent coupon is 4% greater than the preceding coupon. Determine P. _____

Answer:

Make comment or override grade

Incorrect
Correct answer: 1235.66
Marks for this submission: 0/1.

4
Marks: 1

A 7,000 par value 2-year bond with semiannual coupons of 350 for the first half year, 525 for the second half year, 630 for the third half year, and 770 for the forth half year is purchased to yield i% convertible semiannually. The price of the bond is 5,340.26. Calculate i. _____

Answer:

Make comment or override grade

Incorrect
Correct answer: 15.67
Marks for this submission: 0/1.

5
Marks: 1

An actuary finds a 24-year bond that was purchased at a premium has determined the following:

- The bonds pays semiannual interest.
- The amount for amortization of the premium in the 2nd coupon payment was 996.12.
- The amount for amortization of the premium in the 4th coupon payment was 1242.0.

What is the value of the premium? _____

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 1515703.338506
Marks for this submission: 0/1.

6
Marks: 1

Bryan buys a 2n-year 1000 par value bond with 7.6% annual coupons at a price P. The price assumes an annual effective yield of 10%. At the end of n years, the book value of the bond, X, is 46.58 greater than the purchase price, P. Assume $v^n_{10\%} < 0.5$. Calculate X. _____

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 823.264
Marks for this submission: 0/1.

7
Marks: 1

A 40-year 10,000 bond that pays 5% annual coupons matures at par. It is purchased to yield 7% for the first 20 years and 6% thereafter. Calculate the amount for accumulation of discount for year 11. _____

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 60.85
Marks for this submission: 0/1.

8
Marks: 1

Laura buys two bonds at time 0. Bond X is a 2000 par value 17-year bond with 10% annual coupons. It is bought at a price to yield an annual effective rate of 8%. Bond Y is a 17-year par value bond with 6.75% annual coupons and a face amount of F. Laura pays P for Bond Y to yield an annual effective rate of 8%. During year 9, the write-down in premium (principal adjustment) on bond X is equal to the write-up in discount (principal adjustment) on bond Y. Calculate P. _____

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 2835.134476
Marks for this submission: 0/1.

9
Marks: 1

A 1,000 18-year 8% bond with semiannual coupons is purchased for 1150. The redemption value is 1,000. The coupons are reinvested at a nominal annual rate of 7%, compounded semiannually. Determined the purchaser's annual effective yield rate over the 18 year period. _____

Answer: ✗

Make comment or override grade

Incorrect
Correct answer: 0.068661
Marks for this submission: 0/1.

10
Marks: 1

A 200 bond with 6% annual cuopons and a maturity date 26 years from now can be called at par on any coupon due date starting 13 years from now. What is the price an investor pay to get a minimum yield rate of 8% effective? If this price is paid, what is the maximum yield rate the investor can earn? _____

Answer:

Make comment or override grade

Incorrect
Correct answer: 0.088673
Marks for this submission: 0/1.